

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

USIA-15 SIL-01 LAB-06 DRC-01 /181 W

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R 071552Z MAR 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7355

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

USMISSION NATO

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

AMEMBASSY MADRID

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ENRG, FR

SUBJECT: GOF ANNOUNCES NEW ENERGY STEPS

1. PM MESSMER APPEARED ON TV INTERVIEW EVENING OF MARCH 6 TO PRESENT NEW GOF ENERGY PROGRAM, WHICH HAS BEEN HERALDED AS MAJOR ACTION AREA FOR NEW CABINET. IT CONTAINS FEW SURPRISES. PM'S INTERVIEW, WHILE THIN ON DETAILS OF PROGRAM (MUCH OF WHICH HAD BEEN EXTENSIVELY BACKGROUNDED TO PRESS BEFOREHAND), MADE EFFORT TO PORTRAY NEW GOVERNMENT AS ACTIVELY WORKING TO SOLVE ECONOMIC PROBLEMS FACING COUNTRY. MESSMER PROMISED FURTHER TV APPEARANCES OVER COMING MONTHS TO EXPLAIN

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GOVERNMENT'S PROGRAM IN OTHER PROBLEM AREAS. MAJOR

POINTS OF ENERGY PROGRAM FOLLOW.

2. INCREASED ENERGY PRICES. LAST WEEK, ELECTRICITY PRICES WERE RAISED AVERAGE OF 14.5 PERCENT. COAL AND GAS PRICES TO BE RAISED BY ROUGHLY SAME AMOUNT, SAID MESSMER, THOUGH COAL PRICE RISE MUST FIRST BE STUDIED BY PRICE COMMISSION AND GAS PRICE RISE NOT BE ANNOUNCED UNTIL AFTER APRIL 1 (PRESUMABLY FOLLOWING ANNOUNCEMENT OF NEW DUTCH PRICES). COMMENT: PRICE RISES ARE IN ALL CASES CONSIDERABLY LESS THAN THOSE REQUESTED BY RESPECTIVE INDUSTRIES (AS WAS LAST WEEK'S ANNOUNCEMENT OF NEW EX-REFINERY PRICE FOR NAPHTHA). GOF DECISION HAS BEEN INFLUENCED STRONGLY BY MINISTRY OF FINANCE ARGUMENT THAT INFLATIONARY EFFECTS OF HIGHER PRICES WOULD BE GREATER PROBLEM THAN POSSIBLE SHORTAGE OF INVESTMENT FUNDS FOR FRENCH ENERGY INDUSTRIES. POSSIBILITY OF FUTURE RISES LEFT OPEN, HOWEVER.

3. EMPHASIS ON NUCLEAR POWER FOR FUTURE. PM ANNOUNCED GOF'S COMMITMENT TO COMPLETE 13 NUCLEAR GENERATING PLANTS OF 1000 MEGAWATTS EACH BY 1980. NUCLEAR GENERATING CAPACITY, PM STRESSED, WAS ONLY POSSIBLE LONG-RANGE FRENCH SOLUTION TO DEPENDENCE ON IMPORTED ENERGY SOURCES. GOF PLANNING TO START CONSTRUCTION ON AS MANY AS 40-50 NUCLEAR PLANTS BY 1980.

4. ECONOMIES IN ENERGY CONSUMPTION. MESSMER SAID THAT GOF HOPED TO KEEP OIL CONSUMPTION TO 1973 LEVEL FOR NEXT 18 MONTHS. INCREASED PRICES WILL GIVE INDUSTRY VESTED INTEREST IN CONSERVING ENERGY SUPPLIES, HE SAID, AND GOF WAS PROPOSING NO MANDATORY RATIONING PROGRAMS AS IT DID NOT WANT TO AFFECT ECONOMIC GROWTH PROSPECTS. MAIN ECONOMIES PROPOSED BY GOVERNMENT WOULD COME IN HEATING FIELD: GOF WILL PRESENT LEGISLATION TO APRIL SESSION OF PARLIAMENT PROPOSING MANDATORY LIMITATIONS ON HEATING SEASON (OCT. 15-APRIL 15) AND TEMPERATURE (68 DEGREES), PLUS INSULATION REQUIREMENTS IN NEW HOUSING. OTHER STEPS WILL BE TAKEN TO PROMOTE USE OF PUBLIC TRANSPORT, APPARENTLY INCLUDING SHIFTING OF INVESTMENT FUNDS TO RAILROADS, WATERBORNE, AND URBAN LIMITED OFFICIAL USE

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TRANSPORT AT EXPENSE OF HIGHWAY BUILDING. SPEED LIMITS ON HIGHWAYS ALSO WILL BE MAINTAINED, THOUGH 140 KM/ (87 MPH) LIMIT ON SUPER HIGHWAYS ESTABLISHED RATHER THAN PRESENT 120. MESSMER ALSO PROMISED GOF ATTENTION TO FUEL ECONOMIES IN MERCHANT MARINE, INCLUDING STUDY OF NUCLEAR-FUELED SHIPS.

5. COMMENT: APPARENT MODESTY OF GOF PROGRAM REPRESENTS

LIMITED RANGE OF OPTIONS OPEN TO RESOURCE-POOR FRANCE,  
AS WELL AS GOF CONCERN THAT DRACONIAN CONSERVATION  
MEASURES OR PRICE HIKES COULD REDUCE LEVEL OF ECONOMIC  
ACTIVITY ENOUGH TO BRING ON FEARED UNEMPLOYMENT.  
BEHIND THE GENERALITIES OF MESSMER'S STATEMENTS, HOWEVER,  
A SERIES OF STEPS ARE PLANNED WHICH WILL, THE GOF HOPES,  
REDUCE ITS ENERGY PROBLEMS: INCREASED PETROLEUM EX-  
PLORATION, OFFSHORE AND BY FRENCH COMPANIES OVERSEAS;  
LONGER PHASE-DOWN PERIOD FOR MARGINAL COAL MINES, IN-  
CREASED COAL IMPORTS, GREATER GOVERNMENT FINANCIAL  
SUPPORT FOR ENERGY INDUSTRIES, ETC. WHILE NOT MEN-  
TIONED BY PM, FRENCH OIL BILATERALISM HAS ALSO BEEN  
CRITICALLY EXAMINED, AND ACCORDING TO APPARENTLY  
AUTHORITATIVE AFP STORY, BILATERAL DEALS WILL BE REACHED  
IN FUTURE "ONLY TO DEGREE THAT THEY DO NOT RESULT IN  
HIGHER PRICES PAID FOR OIL THAN WOULD BE PAID THROUGH  
INTERNATION OIL COMPANY CHANNELS".  
STONE

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## Message Attributes

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